

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0231 **Date:** February 4, 2013  
**Prime Sponsor(s):** Rep. Sonnenberg; Fischer **Bill Status:** House Agriculture  
 Sen. Giron **Fiscal Analyst:** Kirk Mlinek (303-866-2756)

**TITLE:** CONCERNING EXTENDED OPERATION OF INTERRUPTIBLE WATER SUPPLY AGREEMENTS.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b> Cash Funds Department of Natural Resources Water Administration Cash Fund	Minimal Increase. See State Revenue section.	
<b>State Expenditures</b>	See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

Current law allows the state engineer to approve the operation of an interruptible water supply agreement (IWSA) for 3 years out of a single 10-year period. The bill allows the state engineer to reapprove an IWSA agreement up to 2 additional times by following the same process used for the original agreement.

**Background**

The General Assembly established interruptible water supply agreements in 2003. Generally, an IWSA is intended to enable water users to transfer historical consumptive use of an absolute water right for application to another type or place of use on a temporary basis, without permanently changing the water right. Under current law, for one ten-year period affecting a current water right, the state engineer is authorized to approve and administer IWSAs that permit a temporary change in point of diversion, location of use, and type of use of an absolute water right, without the need for an adjudication.

**State Revenue**

Cash fund revenue in the Division of Water Resources (DWR), Department of Natural Resources, from IWSA application fees could increase minimally under the bill. Parties to agreements that are in effect may choose to seek to have those agreements reapproved under the bill, and new parties could be attracted to seek an IWSA. The current application fee is \$2,803, adjusted annually based on the Denver-Boulder Consumer Price Index, and deposited in the Water Administration Cash Fund. There have been 3 IWSA applications since the law's enactment in 2003.

**State Expenditures**

The workload of the DWR will increase under the bill to the extent that IWSA application activity increases. Historically, the processing of these applications has been accommodated within existing appropriations, and no new appropriations are required to implement this bill.

**Departments Contacted**

Natural Resources

Judicial

Law